

EXTENDICARE

Health Services, Inc.

RECEIVED
JUL 28 2006
CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

July 26, 2006

Janis Sigman, Manager
Certificate of Need Program
Department of Health - HSQA
310 Israel Road
Tumwater WA 98501

Dear Ms. Sigman,

This letter is written to notify the Department of Health that Extendicare Homes, Inc., a wholly owned subsidiary of Extendicare Health Services, Inc., intends to seek Certificate of Need approval for establishment of a 120 bed nursing home to be located in Spokane, Washington, and primarily serving residents of Spokane County, Washington.

We currently estimate capital expense for the project will be \$14 million.

We appreciate your having met with Amy Seils, Scott Edwards, and Bill Bryan to describe the requirements of the CON application process. Thank you also for sending the electronic copy of the application guidelines. We do have a couple of follow-up questions:

1) As we discussed, the Extendicare proposal will use banked beds from a fully closed facility, previously named Southcrest Subacute and Specialty Care Center. Extendicare Homes, Inc., was the licensee during the 12 months prior to the facility closure. WAC 246-310-396(4) indicates that information requirements for the Need Section of such a project are limited. Can you please confirm that we may omit answers to Questions 3, 5, and 6 in that Section?

2) Can you also confirm for us that the application for this project is not subject to Concurrent Review? This proposed project's beds were banked under the provisions of RCW 70.38.115(13) so we base this question on both our consultant's recent conversation with you and a reading of the WAC as quoted below:

WAC 246-310-120 Concurrent review process. (1) Projects for which the department may establish concurrent review schedules are identified in RCW 70.38.115(7). An annual concurrent review has been scheduled for competing projects proposing:

(a) New nursing homes, not using bed allocations banked under the provisions of RCW 70.38.115(13);

(b) Nursing home bed additions, not using bed allocations banked under the provisions of RCW 70.38.115(13);

WAC 246-310-130 Nursing home concurrent review cycles. (1)
The department shall review concurrently during review cycles established under subsection (5) of this section the following:

New nursing homes beds not using bed allocations banked under the provisions of RCW 70.38.115(13)

Thank you for your assistance in this matter. We look forward to working with you to develop necessary access to the nursing home care for the residents of Spokane County. If you have any questions, please contact Amy Seils at 414-908-8584.

Sincerely,

A handwritten signature in black ink that reads "Roch Carter, VP". The signature is written in a cursive, flowing style.

Roch Carter

Vice President General Counsel